CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Meeting of March 18th, 1980

Attendance: Mr. E.A. Lemieux, Vice Chairman, Prof. C. Goldman, Mr. W.M. Reay, Miss Susan O'Reilly, Prof. C. Potter, Prof. G. Martin, Mr. C. Waters, Messrs. J.L. Bourbeau and R. Brochu of William M. Mercer Ltd.

Minutes of Previous Meeting

It was proposed by Prof. C. Goldman, seconded by Prof. G. Martin and unanimously carried that the minutes of the meetings held January 24th, 1980, February 1st, 1980, and February 8th, 1980 be adopted.

Letter of Agreement with the Fund Managers

A sample of a letter of agreement had been circulated to the members (appendix "A") attached. The following changes were recommended:

Par. 1 - 1st sentence to read:
"B.G. & Co. is hereby retained as investment counsel with responsibility for the investment management of a portion of the assets of the Concordia Funds."

Par. 2 - To read:
"The Concordia Employee Benefits Committee (The Committee) will establish guidelines of investment policy and philosophy. Within these guidelines B.G. & Co. will have full discretion in the investment management of the Concordia Funds and will be responsible for implementing these policies in the selection of individual securities. It is understood that B.G. & Co. will advise the Committee if and when changes should be made in these guidelines."

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Par. 4 - 1st sentence to read:
"B.G. & Co. will provide the Committee with quarterly or monthly statements of the portfolio as required."

Par. 6 - to read:
"B.G. & Co. in carrying out its duties and responsibilities pursuant to this agreement, agrees to exercise such competence and skill as may be expected of a prudent investment manager in similar circumstances."

Par. 7 - to read:
"This appointment by Concordia of B.G. & Co. may be terminated at any time upon written notice by either party."

It was unanimously agreed that, subject to the University legal counsel's opinion, on the use of the term "prudent" rather than "careful, diligent" that the letter should be sent to the managers involved.

Wood Gundy Proposal

A letter of Agreement drafted by Wood Gundy was discussed (Appendix B) It was suggested that the annual fee of $6,000.00 was perhaps too high due to the fact that all data for completing the report was available from the same source i.e. National Trust. It was agreed that the Secretary would suggest a fee of $5,000.00 annually as being more appropriate.

Custodial Statement

Prof. Potter requested an explanation of the fees appearing on the 1979 Custodial Report. It was agreed that the Secretary would provide a breakdown of these fees.

Prof. Potter's memo and Mercers reply regarding the 1978 Actuarial Report

Prof. Potter's memorandum and William M. Mercer's reply were discussed at length. Prof. Potter's concern was that if high interest rates were to prevail in the future, that the employee contributions paid into the plan would be sufficient to pay the entire contributory members' pensions and even enough to pay a portion of the non-contributory members' pensions.

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Mr. Brochu answered that such a scenario could manifest itself if indeed, as assumed in Professor Potter's calculations interest rates prevailed at 11% and inflation at 4%. It was Mercer's opinion that a spread of 2% between investment yields and wage inflation reflected more accurately what had occurred in the past.

It was pointed out that the plan was evaluated annually. Such a pratice allows for adjustments to be made where assumptions have been found to differ appreciably from the actual experience.

Prof. Potter mentioned that those who had been members of the pre - 1973 Loyola Plan had earned much less pension credits for the pre-1973 plan than had their Sir George counterparts.

Prof. Martin replied that every effort had been made to obtain the funds necessary for recognition of this service from the government as part of the merger costs. These efforts had been fruitless. It had been agreed that the University could only be responsible for seeing that all members be treated equitably from merger date.

Prof. Potter replied that he was satisfied by the explanations given and recommended that the Committee pay close attention to the rates of return earned in the coming years to ensure that a scenario such as he had described would not occure in the future.

Reciprocal Transfer Agreement

A proposal to enter into a Reciprocal Transfer Agreement with the "Commission administrative du régime de retraite" (C.A.R.R.) was discussed. The C.A.R.R. administers the Quebec Public Service Pension Plan, the Teachers Pension Plan, the Hospitals and Schools' Pension Plan.

Professor Martin explained that C.A.R.R. was an organization with a large broad based employee background. He added that four members of the Concordia plan had belonged to the Teachers Pension Plan prior to coming to Concordia and were interested in finding out if that service could be recognized in the Concordia Plan.

Mr. Reay and Prof. Goldman stated that any approach to improving benefits should apply to all equally and not solely to those who had been or would be covered by one of the C.A.R.R. plans.

Mr. Lemieux suggested that discussion of this proposal should be a priority item at the next meeting preferably when the Chairman of the Board could attend. A tentative date of April 8th, 1980 was set.

The meeting terminated at 2:15 p.m.